

Date: October 28, 2015

To: Harry Black, City Manager

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Subject: **Human Resources Department – Post-Offer Hiring Process Audit**

Attached is the Post-Offer Hiring Process audit report. The objectives of this performance audit were to determine if the hiring process (from the time an applicant is offered the position to the first day of employment with the City) is timely and efficient; to verify that the departments are following policies and procedures established by Human Resources (HR), and adhering to applicable laws and regulatory guidelines; and to identify key risks and vulnerabilities in the process along with internal controls at both citywide and department levels. This audit was completed in accordance with Internal Audit's current work plan.

We would like to thank the HR staff for their assistance and cooperation during this audit.

If you need any further information please contact me.

Attachment

Human Resources Department Post-Offer Hiring Process Audit

October, 2015



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Executive Summary

Internal Audit (IA) conducted a performance audit of the Human Resources (HR) post-offer hiring process. The audit objectives were to determine if the post-offer hiring process (from the time an applicant is offered the position to the first day of employment with the City) is timely and efficient; to verify that the departments are following the policies and procedures established by the HR department, and adhering to applicable laws and regulatory guidelines; and to identify key risks and vulnerabilities in the process along with internal controls at both citywide and departmental levels.

The areas reviewed during the audit include the following: job offers, scheduling and authorization of the medical examination, background checks, Civil Service Commission, Form I-9s, and the role of the HR liaison.

The current decentralized HR hiring model places ownership with the department liaisons. Due to reduced oversight and the lack of required ongoing training, inconsistencies among the various departments have led to an inefficient process. IA found HR's internal controls over managing key processes need strengthening. Some of the internal control weaknesses stem from having a background check process with vague policies and procedures that need updating, noncompliance with Form I-9 requirements, and HR's inability to hold HR liaisons accountable.

Well-defined policies and procedures are essential to strong internal controls. They assist management with providing guidance and direction to staff. IA found that the criminal background check policies and procedures were vague. The criteria and process for conducting background checks were inconsistent and need to be clearly defined. In addition, IA found that the HR liaisons did not receive adequate training on how to interpret the background check report.

HR also manages the completion of Form I-9s. According to federal guidelines, employers must properly complete the I-9 Form to document the verification of the identity and employment authorization of employees working in the United States (US), within three business days of hire. HR was non-compliant in the following areas: incomplete forms, invalid documents, and unable to meet the three-day rule.

HR liaisons play a key role in the post-offer hiring process and HR depends on their knowledge and skills. IA reviewed the role of the HR liaisons and found that HR has no influence over the hiring, selection, placement, and removal of HR liaisons. In addition, HR does not have input in the performance evaluation of the liaison, making it difficult to hold them accountable for their work.

The audit revealed several areas that need improvements. Without having strong internal controls in place, the process will not be efficient and effective to meet the needs of the City. IA recommends updating policies and procedures, provide required training for the HR liaisons, improve record keeping, and adhere to federal rules and guidelines. In addition, IA recommends the role of the HR liaisons be reevaluated to improve the overall effectiveness, efficiency and accountability in the post-offer process.

I. Introduction

Background

The Human Resources (HR) department has a tremendous responsibility to serve the needs of the City. With over 6,000 city employees, HR plays a vital role in the recruitment, selection and hiring of qualified talent.

The cross-departmentalization model attempts to achieve coalitions with the internal customers (HR liaisons) and allows for a balance of flexibility and rigidity, centralization and decentralization coupled with uniformity and variation. As a result, the model is a central governance structure that calls for greater shared responsibility.

Under the current model, its intention is to reduce costs and improve operational efficiency and effectiveness. With the addition of new hiring software, such as NEOGOV, and the city's participation in E-Verify, an online verification tool used to authorize one's work status in the United States, HR attempts to streamline the hiring process.

As part of the onboarding process, compliance with local, state, and federal guidelines are required. Some of these requirements include having the applicant complete a post-offer medical exam, conduct a criminal background check, and I-9 verification.

Employee Health Services conducts the post-offer medical exams. New employees are required to pass a medical examination prior to beginning their employment with the City. In addition, applicants considered for full time or part-time positions receive a criminal background check after a contingent job offer is made. A criminal background check is the process of compiling records about an individual. The records are reviewed by the hiring organization or agency. The Employment Eligibility Verification Form I-9 is a U.S. Citizenship and Immigration Services (USCIS) form. Form I-9 is used to verify the identity and employment authorization for each new employee.

Equally important in the post-offer process is the Civil Service Commission (CSC). The CSC is responsible for oversight of the City's classified structure. Some of the services provided include recruitment, selection, appointment, employment, promotions, just to name a few.

All of these functions contribute to the success of the post-offer hiring process. It is imperative that each unit works industriously and fittingly to serve the needs of the City as HR meets the needs of "Tomorrow's Government Today."

Audit Selection

IA conducted this audit as part of the current audit agenda.

Audit Objectives

- To determine if the hiring process (from the time an applicant is offered the position to the first day of employment with the City) is timely and efficient;
- To verify that departments are following policies and procedures established by the Human Resources department, and adhering to applicable laws and regulatory guidelines;
- To identify key risks and vulnerabilities in the process along with internal controls at both citywide and department levels.

Audit Scope and Methodology

To accomplish the audit objectives, IA used the following methodology: reviewed HR policies and procedures related to the post-offer process, interviewed relevant staff, reviewed local, state, and federal requirements, and researched other cities.

IA selected 30 newly hired employees from fiscal years 2014 and 2015 that represented 12 city departments.

Scope Limitations

During the audit IA found inconsistencies in the NEOGOV database; therefore, IA was limited in its ability to analyze the data and verify information necessary to accomplish all audit objectives.

Statement of Auditing Standards

As required by Cincinnati Administrative Code Article II §15, this audit was conducted in accordance with the Generally Accepted Government Auditing Standards (GAGAS), except for standard 3.96 pertaining to external peer review requirements. This exception did not have a material effect on the audit.

IA continues to conduct internal quality reviews to assure the conformance with applicable GAGAS. IA performed the fieldwork between May and August 2015.

Commendations

Internal Audit commends the staff of the Human Resources Department along with the HR liaisons for their cooperation throughout the audit.

II. Audit Findings and Recommendations

The current decentralized HR hiring model places ownership with the department liaisons. Due to reduced oversight and the lack of required ongoing training, inconsistencies among the various departments have led to an inefficient process. In conducting this audit, IA used a sample pool of 30 applicants, which equates to 10% of the personnel hired between fiscal years 2014 and 2015. The subsections below explain the issues:

Job Offers

HR has not established a comprehensive job offer policy.

Having strict policies and procedures in place is instrumental to the success of any organization and enables it to meet its goals and objectives.

IA found that HR has not established a comprehensive job offer policy. Each department determines whether the applicant receives a written or verbal offer. Furthermore, IA discovered the above to be true even within the same department. Since it is difficult to validate verbal offers, there is no audit trail.

From the 30 applicants sampled during IA's testing, it was determined 13 were extended conditional job offer letters. In comparing the information on the job offer letter against the NEOGOV system, IA found discrepancies which included, but was not limited to, job offer date, acceptance date, start date and/or salary information. In addition, the language used in the offer letters differed from department to department.

Further, NEOGOV does not have all fields marked as required, and IA found that the amount of data entered into the system varied by each department. However, per an interview with HR, IA found that liaisons should be completing all available fields in NEOGOV.

The lack of clear HR guidelines combined with the inconsistent reporting by the department liaisons results in unreliable data in NEOGOV, making it extremely difficult, and at times impossible, to accurately measure compliance.

Recommendation 1: HR should establish a policy for extending job offers. In addition, HR should properly communicate the policy to the HR liaisons. IA also recommends each applicant receive a written job offer in addition to a verbal offer.

Department Response: Agree. The Human Resources Department established and distributed a "Process Change Memo" and communicated this information to the HR Liaisons during the Monthly HR Liaison meeting. In addition, the Human Resources Department added a mandatory field to the personnel requisition module within the Neogov On-line Hiring System.

The Human Resources Department relies on HR Liaisons to serve as HR practitioners and ensure consistency across the City's structure. Currently, the HR Liaisons report through the departmental structure and are evaluated at that level. This item was completed and is closed.

Recommendation 2: HR should create a standard conditional job offer letter used by all departments. At a minimum, this letter should contain the date the job offer was extended, the name and classification of the position, starting salary, the city's participation in E-Verify,

submission of required paperwork, and any contingencies. In addition, the letter should include a line for the applicant to sign and date their acceptance to the offer.

Department Response: Agree with Item 1. The central Human Resources Department has created a standard conditional job offer letter template for HR Liaison use that includes: 1) employee name; 2) classification title; 3) starting salary; 4) submission of new hire paperwork; and 5) expectations regarding the I-9 electronic verification process. In addition, job offer notices will be populated within the NEOGOV system for tracking and auditing purposes. The Human Resources Department relies on HR Liaisons to serve as HR practitioners and ensure consistency across the City's structure. This item was completed and is closed.

Recommendation 3: HR should update its NEOGOV policies and clarify the language requirements for entering data. At a minimum, HR should require all fields be mandatory to improve the consistency and accuracy of the data submitted to NEOGOV for audit purposes.

Department Response: Agree. Though the central Human Resources Department agrees with the enhancement of the procedures associated with the NEOGOV On-line Hiring Systems, it is critical to mention that this is a pretty new system for the City, which was adopted in 2013 and the department continues to work to optimize its utilization. There is also a change management component that we must continue to consider as the culture of the organization shifts. Creating an atmosphere of buy-in and ownership may cause delays in the enhancement of processes and systems.

To that end, the central Human Resources Department issued a "Process Change Memo" to HR Liaisons to enhance requirements for the entering of data. The memo identified required fields for completion at the department level and will be tracked on a regular basis through the system, and findings will be reported on a regular basis to HR Liaisons with a copy to the Department Director for action. This item was completed and is closed.

Recommendation 4: HR should review the NEOGOV data on a regular basis. This may consist of running data reports to check for accuracy and data integrity while reporting any inconsistencies immediately to the HR liaisons.

Department Response: Disagree. Though the central Human Resources Department agrees with this recommendation, current staffing levels within the department create challenges in the implementation of this item. Therefore, the Department is unable to audit this information on a regular basis without additional resources being added. However, the Human Resources Department will conduct random audits twice a year to enhance data integrity with formal notices being provided to HR Liaisons with a copy to Department Directors of findings for action. The Human Resources Department also relies on HR Liaisons to ensure accuracy and data integrity through quality review checks. Accountability must be infused to ensure consistency and system alignment. This process will be implemented by November 30, 2015.

Background Checks

The loss and liability risks to employers that fail to conduct background checks have never been greater. By helping employees hire and promote the most qualified people, background checks help reduce turnover, employee theft, and the threat of workplace violence. They also afford protection from lawsuits related to negligent hiring. There are different types of background checks an employer can conduct on a potential candidate such as a criminal, social security,

employment history, education, professional license, credit history and motor vehicle record checks. The Human Resources Policies and Procedures (HRPP) only alludes to conducting criminal background checks, and briefly mentions that a Drivers Abstract report and finger prints may be required for certain positions.

Policies and procedures for conducting background checks were vague and need updating.

The City of Cincinnati conducts background checks on all new hires. The classification of the position combined with whether the applicant is in-state or out-of-state are factors that play into the depth of the background check conducted. According to the HRPP, applicants placed in a sensitive position should receive a Hamilton County records check, and if the applicant has lived outside of the County within the last five years, a records check using a more extensive search should be conducted.

An area that requires further review is how departments obtain the background check and the criteria used. IA found that some departments have the applicants complete the checks through a local law enforcement agency where as other departments have contracted the entire service to a local business. The variety of methods used citywide has created inconsistencies, and may not be cost effective. This also made it difficult for IA to measure the efficiency and effectiveness of the entire post-offer process.

After reviewing the HRPP, IA found that there is no policy on employment verification and on checking professional references. Reference checks (including employment verifications) are employers' principal means of securing information on potential hires from other individuals then the applicant themselves. The reasons to conduct the checks during the post-offer hiring process is to avoid harm or legal liability to the City.

Recommendation 5: HR should update the policy and define the criteria and process for conducting extensive background checks.

Department Response: Agree. The Human Resources Department will revise the human resources policies and procedures associated with background checks for HR Liaisons to specifically clarify the various levels of background check along with criteria for each category to enhance efficiency across the City's system. However, the findings indicate that the HR Policies "allude" to the performance of background checks. It is critical to understand that there are various needs across our agency associated with background. Background checks at police and fire are dictated by law, as with MSD and Water. The Human Resources Department relies on its HR Liaisons to be subject matter representatives in these areas. This procedure will be revised, distributed, and communicated by November 30, 2015.

Recommendation 6: HR should benchmark who conducts and monitors background checks, and evaluate the process to ensure proper controls are in place. Further, HR should review and analyze the cost of performing background checks and determine if it is more cost effective to outsource the service.

Department Response: Agree. The central Human Resources Department will work with HR Liaisons to benchmark background check information. The Human Resources Department will also work with the Budget Department to evaluate the feasibility of sourcing this area across the City's system. This information will be collected and reviewed by January 1, 2016.

Recommendation 7: HR should establish a comprehensive policy on employment verification and checking professional references.

Department Response: Agree. The Human Resources Department will create a standard operating procedure on conducting employment verifications for HR Liaisons. This information will be distributed and communicated to HR Liaisons. This procedure will be created, distributed, and communicated by December 30, 2015.

HR liaisons have not received adequate training.

When background checks are conducted, the language contained in the report can be technical and unclear to an individual that has not been trained to read and comprehend. This can cause the HR liaison to misinterpret the report, which in turn could lead to the potential hiring of an unqualified applicant.

Recommendation 8: HR should provide the tools and training necessary for the HR liaisons to effectively assess and interpret the background check and make a sound judgement on the validity of the applicant.

Department Response: Agree. The Human Resources Department enhanced its level of training associated with background checks for HR Liaisons by inviting the City's Background Investigation Unit to the HR Liaison Monthly meeting to share information and respond to any questions and answers. The Human Resources Department relies on HR Liaisons to serve as HR practitioners and ensure consistency across the City's structure. This item was completed and is closed.

Internal controls over record keeping need improvement.

Record keeping is an important component of internal controls, and when documents are readily available reviews can be performed more efficiently. Of the 30 applicants IA tested, HR was unable to provide a copy of the background check for one applicant.

Recommendation 9: HR should conduct a compliance review, at least quarterly, to ensure all background checks are properly conducted and maintained.

Department Response: Disagree. In 2014, the Human Resources Department established a quality control review model to audit department-level HR structures to ensure adherence and compliance with agency policy and procedures. Random quality reviews will begin this year as planned and will occur twice a year versus quarterly due to current staffing levels. Findings will be submitted to the HR Liaison with a copy to the Department Director for action. This process will be implemented by November 30, 2015.

Civil Service Commission (CSC)

The CSC was established by Article V of the City charter. It consists of three commissioners whom serve a term of six years. The CSC enacts rules, which set the standards for recruiting and hiring, promotion, compensation, performance management, training, and conditions of employment.

Management oversight and communication need strengthening over the CSC.

At the time of the review, HR was transitioning to new software (BoardDocs) to help with the preparation of CSC agenda items. Previously, IA found that HR liaisons prepared memos and emailed the information to HR. These emails contained the necessary documentation to show the completed or pending steps in the post-offer process (i.e. medical examination letter and background check). HR reviewed the information and the full packet was taken to the CSC to see if the hiring fell within the CSC guidelines.

Monitoring and effective communication are key components of internal controls. IA found weaknesses in the preparation of CSC agenda items to where employees did not receive their civil service appointment. IA reviewed 24 employees hired into classified positions. IA found that 3 (12.5%) employees did not receive CSC appointment. In addition, IA found one (3%) employee hired into a non-classified position, and placed on the CSC agenda for an exceptional appointment.

Recommendation 10: HR should create an exception report from Cincinnati Human Resources Information System (CHRIS) to ensure all applicable employees are properly submitted to HR for CSC review and approval.

Department Response: Agree. The Human Resources Department created a report to validate that all classified service appointments as recommended by the appointing authorities (departments) have been submitted to the Civil Service Commission for action. In addition, for those items not submitted a formal memo will be distributed to the HR Liaisons with a copy to the Department Director for action. This item was completed and is closed.

The CSC minutes were inaccurate.

Having proper controls in place to maintain accurate data and records are vital to the success of any organization.

Per the CSC Rules, it is the responsibility of the Civil Service Secretary to record the minutes. HR management informed IA that the minutes should reflect any pending items. IA found several incidents where the minutes from the CSC meetings did not accurately capture all of the pertinent information (i.e. medical examination, background check) required in the post-offer hiring process.

Recommendation 11: HR should ensure the minutes accurately capture all the hiring information obtained in the application process.

Department Response: Disagree. The Human Resources Department disagrees with this recommendation. The process is as follows: HR Liaisons must submit Civil Service Action items to the Human Resources Department at least 10 days prior to the actual Civil Service Commission meeting as outlined on the Civil Service calendar. Upon the submission of items to the Human Resources Department for Civil Service action, new appointment paperwork may indicate pre-employment physicals and background checks are pending; however, if this information is received in the Human Resources Department prior to the actual Civil Service Commission meeting date, the Civil Service docket will not indicate a pending notation.

The appointment date was not captured in the HR system.

By definition per the CSC rules, the appointment date is “the date on which the appointing authority signs the appointment form...regardless of the actual starting date of employment. All applicable benefits and service credit will be counted from the appointment date.” This is critical because it determines when one’s service credit years are calculated.

However, IA found that the appointment date is not in CHRIS, the City’s payroll system. This is especially important because the City uses CHRIS to calculate payroll and other benefits. Without having this information documented within a database and readily available, it can be difficult and time consuming to measure service credit years.

Recommendation 12: HR should work with the Enterprise Technology Solutions (ETS) department to add a data field in CHRIS to allow users to enter the employee’s appointment date.

Department Response: Agree. The Human Resources Department agrees with the tracking of appointment dates. The appointment date is defined as the original hire date within the CHRIS system. However, each of the bargaining agreements define incumbents seniority date, which drives retention point calculations for lay-off purposes. In addition, service credit information for retirement purposes is managed through the Retirement Office and other systems. The Human Resources Department will evaluate this item further to identify opportunities for streamlining the appointment date structure based upon the on-boarding of Neogov. Any CHRIS re-programming recommendation will be submitted to ETS for review. This item will be reviewed with the Civil Service Commission by January 1, 2016.

Recommendation 13: HR should appoint an individual who will be responsible for maintaining the integrity of the appointment dates entered into the CHRIS system.

Department Response: Disagree. Based upon current staffing levels, the Human Resources Department is unable to assign an individual to monitor appointment dates within the system unless additional resources are allocated. The Human Resources Department relies on its field HR Liaisons to validate information within the system to ensure its accuracy. However, through the quality review process, the Human Resources Department will randomly audit this information and report findings to the HR Liaison with a copy to the Department Director for action. This process will be implemented by November 30, 2015.

Form I-9

Non-compliance with I-9 requirements was found.

According to I-9 federal guidelines, employers must complete Form I-9 to document verification of the identity and employment authorization of employees working in the US. The form must be collected within three business days of the employees’ hire date. Additionally, employers are required to maintain I-9 Forms for as long as an individual works for the employer and for the required retention period after termination.

E-Verify is an online system that permits the employer to complete the verification process electronically. The City began using E-Verify on November 4, 2013. According to the Department of Homeland Security US Citizenship & Immigration Services (USCIS), the I-9 Form

must be entered into E-Verify no later than three days after the employee start date. Additionally, employers are still required to be in compliance with I-9 retention requirements even when using E-Verify.

It is the responsibility of the HR liaison to properly complete and verify Form I-9. HR recently implemented an internal control to ensure the three-day rule is met, where the liaison e-mails a PDF file of the form to HR. On a daily basis, HR compares a report generated from E-Verify to a CHRIS report of new hires. However, IA found that HR is not reviewing the forms. IA tested the process for reviewing and verifying compliance with federal guidelines. From the 30 applicants selected, IA found, 29 (97%) out of 30 forms were not properly completed, and one (3%) could not be located. According to the USCIS, failure of an employer to ensure proper completion and retention of I-9 Forms may subject the employer to civil fines and criminal penalties. Further, the federal government has the right to inspect the forms at any time.

Additionally, IA performed a second review of the sample to determine if the three-day rule was met. IA found, 20 (67%) met the three-day rule, 9 (30%) did not meet the three-day rule, and one (3%) could not be located as indicated above.

Recommendation 14: HR should conduct I-9 training sessions to communicate and train HR liaisons on the importance of properly completing I-9 Forms.

Department Response: Agree. The Human Resources Department conducted I-9 refresher training for HR Liaisons. The Human Resources Department reviewed the I-9 process and the importance of completeness and accuracy. However, it is critical for the HR Liaisons to conduct quality review checks as well to ensure adherence to established rules and regulations. This item was completed and is closed.

Recommendation 15: HR should ensure Form I-9s are properly completed by reviewing every PDF file that is submitted.

Department Response: Agree. The Human Resources Department has established a new I-9 mailbox for the submission of I-9 forms by HR Liaisons to the Human Resources Department for review. I-9 forms will be stored centrally on the Human Resources SharePoint site. However, it is critical for the HR Liaisons to conduct quality review checks as well to ensure adherence to established rules and regulations. This item was completed and is closed.

Invalid I-9 Forms were used.

USCIS revised the I-9 verification form in March 2013 and required employers to use the newly revised form for all new hires and reverifications. Of the departments IA tested, IA found that two departments used the old form, which is no longer valid.

Recommendation 16: HR should ensure that all departments are using the correct I-9 Form in accordance with federal guidelines.

Department Response: Agree. The Human Resources Department will validate that the proper form is being utilized as I-9s are submitted to the department for review through the assigned email account. Information was also communicated to HR Liaisons regarding the importance of utilizing the proper forms. In addition, we have created a link on the "Forms"

page with direct access to the federal government's form. This item was completed and is closed.

The Employment Authorization page was not printed, as required by the HRPP.

According to the HRPP, once an employee's employment eligibility has been confirmed in E-Verify, the customer department HR liaison shall close the case, print the "Employment Authorization" confirmation page and attach it to the employee's Form I-9. IA found, one department tested does not follow this requirement. Instead of printing the confirmation page, the HR liaison writes the confirmation number on front of the Form I-9. This process increases the risk of transposing errors and limits a third party review.

Recommendation 17: HR should conduct training and reinforce the importance of following the HRPP on I-9 verification.

Department Response: Agree. The Human Resources Department completed training on this item. The Human Resources Department relies on HR Liaisons to conduct quality review checks to ensure adherence to established rules and regulations. This item was completed and is closed.

HR Liaison

Management controls over the post-offer process need strengthening.

Strong internal controls require management to evaluate performance and hold individuals accountable for their internal control responsibilities. Accountability is driven by the tone at the top and supported by the commitment to integrity and ethical values, organization structure, and expectations of competence, which influence the culture of the entity.

It is apparent that since the revision of policy HRPP 2.10, dated 10/29/12, the HR liaisons' role has increased considerably. They consist of a variety of HR functions, while HR has no input into the hiring, selection, placement, and removal of HR liaisons within the customer-department areas. Also, HR is unable to have input in the performance evaluation of the HR liaison. Meanwhile, HR is relying heavily upon the needs and responsibilities of the HR liaisons to ensure the hiring process is a success.

HR has provided some continuous training, monthly meetings and email contact to the liaisons. This is to assist them with completing all of the required steps in the hiring process. However, the risk for errors, fraud, and abuse remain high because management has little oversight over the entire post-offer hiring process.

In addition, HR has a section in the HRPP regarding compliance reviews. The purpose of the review is to ensure consistent application and compliance of their customer departments with current HRPP, applicable laws, Collective Bargaining Agreements, and HR standard operating procedures (SOPs). The expectation was to review HR processes at the beginning of each fiscal year; however, IA found that the reviews have not been conducted.

Recommendation 18: Due to the decentralized model, HR should review the responsibilities assigned to the HR liaisons, as well as benchmark this organization structure. In addition, HR should work with the administration to possibly centralizing some roles of the HR liaison.

Department Response: Agree. The Human Resources Department agrees with this recommendation. Currently, the HR Liaisons are directly hired by and report under the direction of the department, and for some Liaisons, human resources serves as a secondary role. In addition, some liaisons come into the role with little to no HR experience, requiring an enhanced level of education and training in the subject matter area. Centralizing the function would allow for a more streamlined operation and flow of information. The Human Resources Department will seek further direction on this item. This is an open item.

Recommendation 19: HR should implement their compliance reviews immediately. This will help identify, analyze, and respond to risks in the post-offer hiring process, allowing HR to make changes to the system, as needed. The process will provide an avenue for the HR liaisons to receive feedback on areas needing improvement, and assist in addressing workforce fiscal and legal implications.

Department Response: Agree. The Human Resources Department will begin quality control reviews in 2015 as outlined within the HR Strategic Plan. This process will be implemented by November 30, 2015.

III. Conclusion

HR is taking strides to improve the post-offer hiring process by connecting liaisons to the business strategies of the HR organization. HR has attempted to lay the groundwork for creating policies, implementing new software, and providing on-going training to liaisons and internal staff assigned post-offer duties, all of which contribute to the success of the post-offer hiring process.

However, in all areas of the post-offer hiring process, management controls need strengthening and reevaluation. The audit revealed several areas that need improvements. Without having strong internal controls in place, the process will not be efficient and effective to meet the needs of the City. IA recommends updating policies and procedures, provide adequate training for the HR liaisons, improve record keeping, and adhere to federal rules and guidelines. In addition, IA recommends the role of the HR liaisons be reevaluated to improve the overall effectiveness, efficiency and accountability in the post-offer process.

HR is bound to see an increase in its overall effectiveness if they institute these controls. Not only will this improve customer satisfaction, but also the needs of every department as they strive to meet the City's goals.

IV. Human Resources Department Response

The Human Resources Department appreciates the work of the Internal Audit agency in working to ensure a cycle of continuous improvement. The decentralized method of operation for the Human Resources Department continues to be a challenge. Currently, the Human Resources Department operates with a staffing level of 20 FTE's, which is significantly below industry standards for an operation of this size. The field-level human resources liaisons report under the direction of the departmental structure and may not necessarily possess an HR background. As we continue to seek opportunities to enhance operational efficiency and effectiveness, it is of a critical nature that goals and objectives along with performance measures are owned across the City's human resources function. This will allow system alignment to take root across the structure.

As identified throughout this document, most of the audit recommendations center on additional training, enhanced procedures, and quality checks related to general HR principles and practices for the profession, creating some level of duplicative efforts to make the decentralized method of operation work. To that end, the Human Resources Department was able to address most of the recommendations prior to the closing of the audit process as outlined below.

Audit Recommendation 1: HR should establish a policy for extending job offers. In addition, HR should properly communicate the policy to the HR liaisons. IA also recommends each applicant receive a written job offer in addition to a verbal offer.

HR Department Response 1: Agree. The Human Resources Department established and distributed a "Process Change Memo" and communicated this information to the HR Liaisons during the Monthly HR Liaison meeting. In addition, the Human Resources Department added a mandatory field to the personnel requisition module within the Neogov On-line Hiring System.

The Human Resources Department relies on HR Liaisons to serve as HR practitioners and ensure consistency across the City's structure. Currently, the HR Liaisons report through the departmental structure and are evaluated at that level. **This item was completed and is closed.**

Audit Recommendation 2: HR should create a standard conditional job offer letter used by all departments. At a minimum, this letter should contain the date the job offer was extended, the name and classification of the position, starting salary, the city's participation in E-Verify, submission of required paperwork, and any contingencies. In addition, the letter should include a line for the applicant to sign and date their acceptance to the offer.

HR Department Response 2: Agree with Item 1. The central Human Resources Department has created a standard conditional job offer letter template for HR Liaison use that includes: 1) employee name; 2) classification title; 3) starting salary; 4) submission of new hire paperwork; and 5) expectations regarding the I-9 electronic verification process. In addition, job offer notices will be populated within the NEOGOV system for tracking and auditing purposes. The Human Resources Department relies on HR Liaisons to serve as HR practitioners and ensure consistency across the City's structure. **This item was completed and is closed.**

Audit Recommendation 3: HR should update its NEOGOV policies and clarify the language requirements for entering data. At a minimum, HR should require all fields be mandatory to improve the consistency and accuracy of the data submitted to NEOGOV for audit purposes.

HR Department Response 3: Agree. Though the central Human Resources Department agrees with the enhancement of the procedures associated with the NEOGOV On-line Hiring Systems, it is critical to mention that this is a pretty new system for the City, which was adopted in 2013 and the department continues to work to optimize its utilization. There is also a change management component that we must continue to consider as the culture of the organization shifts. Creating an atmosphere of buy-in and ownership may cause delays in the enhancement of processes and systems.

To that end, the central Human Resources Department issued a "Process Change Memo" to HR Liaisons to enhance requirements for the entering of data. The memo identified required fields for completion at the department level and will be tracked on a regular basis through the system, and findings will be reported on a regular basis to HR Liaisons with a copy to the Department Director for action. **This item was completed and is closed.**

Audit Recommendation 4: HR should review the NEOGOV data on a regular basis. This may consist of running data reports to check for accuracy and data integrity while reporting any inconsistencies immediately to the HR liaisons.

HR Department Response 4: Disagree. Though the central Human Resources Department agrees with this recommendation, current staffing levels within the department create challenges in the implementation of this item. Therefore, the Department is unable to audit this information on a regular basis without additional resources being added. However, the Human Resources Department will conduct random audits twice a year to enhance data integrity with formal notices being provided to HR Liaisons with a copy to Department Directors of findings for action. The Human Resources Department also relies on HR Liaisons to ensure accuracy and data integrity through quality review checks. Accountability must be infused to ensure consistency and system alignment. **This process will be implemented by November 30, 2015.**

Audit Recommendation 5: HR should update the policy and define the criteria and process for conducting extensive background checks.

HR Department Response 5: Agree. The Human Resources Department will revise the human resources policies and procedures associated with background checks for HR Liaisons to specifically clarify the various levels of background check along with criteria for each category to enhance efficiency across the City's system. However, the findings indicate that the HR Policies "allude" to the performance of background checks. It is critical to understand that there are various needs across our agency associated with background. Background checks at police and fire are dictated by law, as with MSD and Water. The Human Resources Department relies on its HR Liaisons to be subject matter representatives in these areas. **This procedure will be revised, distributed, and communicated by November 30, 2015.**

Audit Recommendation 6: HR should benchmark who conducts and monitors background checks, and evaluate the process to ensure proper controls are in place. Further, HR should

review and analyze the cost of performing background checks and determine if it is more cost effective to outsource the service.

HR Department Response 6: Agree. The central Human Resources Department will work with HR Liaisons to benchmark background check information. The Human Resources Department will also work with the Budget Department to evaluate the feasibility of sourcing this area across the City's system. **This information will be collected and reviewed by January 1, 2016.**

Audit Recommendation 7: HR should establish a comprehensive policy on employment verification and checking professional references.

HR Department Response 7: Agree. The Human Resources Department will create a standard operating procedure on conducting employment verifications for HR Liaisons. This information will be distributed and communicated to HR Liaisons. **This procedure will be created, distributed, and communicated by December 30, 2015.**

Audit Recommendation 8: HR should provide the tools and training necessary for the HR liaisons to effectively assess and interpret the background check and make a sound judgment on the validity of the applicant.

HR Department Response 8: Agree. The Human Resources Department enhanced its level of training associated with background checks for HR Liaisons by inviting the City's Background Investigation Unit to the HR Liaison Monthly meeting to share information and respond to any questions and answers. The Human Resources Department relies on HR Liaisons to serve as HR practitioners and ensure consistency across the City's structure. **This item was completed and is closed.**

Audit Recommendation 9: HR should conduct a compliance review, at least quarterly, to ensure all background checks are properly conducted and maintained.

HR Department Response 9: Disagree. In 2014, the Human Resources Department established a quality control review model to audit department-level HR structures to ensure adherence and compliance with agency policy and procedures. Random quality reviews will begin this year as planned and will occur twice a year versus quarterly due to current staffing levels. Findings will be submitted to the HR Liaison with a copy to the Department Director for action. **This process will be implemented by November 30, 2015.**

Audit Recommendation 10: HR should create an exception report from Cincinnati Human Resources Information System (CHRIS) to ensure all applicable employees are properly submitted to HR for CSC review and approval.

HR Department Response 10: Agree. The Human Resources Department created a report to validate that all classified service appointments as recommended by the appointing authorities (departments) have been submitted to the Civil Service Commission for action. In addition, for those items not submitted a formal memo will be distributed to the HR Liaisons with a copy to the Department Director for action. **This item was completed and is closed.**

Audit Recommendation 11: HR should ensure the minutes accurately capture all the hiring information obtained in the application process.

HR Department Response 11: Disagree. The Human Resources Department disagrees with this recommendation. The process is as follows: HR Liaisons must submit Civil Service Action items to the Human Resources Department at least 10 days prior to the actual Civil Service Commission meeting as outlined on the Civil Service calendar. Upon the submission of items to the Human Resources Department for Civil Service action, new appointment paperwork may indicate pre-employment physicals and background checks are pending; however, if this information is received in the Human Resources Department prior to the actual Civil Service Commission meeting date, the Civil Service docket will not indicate a pending notation.

Audit Recommendation 12: HR should work with the Enterprise Technology Solutions (ETS) department to add a data field in CHRIS to allow users to enter the employee's appointment date.

HR Department Response 12: Agree. The Human Resources Department agrees with the tracking of appointment dates. The appointment date is defined as the original hire date within the CHRIS system. However, each of the bargaining agreements define incumbents seniority date, which drives retention point calculations for lay-off purposes. In addition, service credit information for retirement purposes is managed through the Retirement Office and other systems. The Human Resources Department will evaluate this item further to identify opportunities for streamlining the appointment date structure based upon the on-boarding of Neogov. Any CHRIS re-programming recommendation will be submitted to ETS for review. **This item will be reviewed with the Civil Service Commission by January 1, 2016.**

Audit Recommendation 13: HR should appoint an individual who will be responsible for maintaining the integrity of the appointment dates entered into the CHRIS system.

HR Department Response 13: Disagree. Based upon current staffing levels, the Human Resources Department is unable to assign an individual to monitor appointment dates within the system unless additional resources are allocated. The Human Resources Department relies on its field HR Liaisons to validate information within the system to ensure its accuracy. However, through the quality review process, the Human Resources Department will randomly audit this information and report findings to the HR Liaison with a copy to the Department Director for action. **This process will be implemented by November 30, 2015.**

Audit Recommendation 14: HR should conduct I-9 training sessions to communicate and train HR liaisons on the importance of properly completing I-9 Forms.

HR Department Response 14: Agree. The Human Resources Department conducted I-9 refresher training for HR Liaisons. The Human Resources Department reviewed the I-9 process and the importance of completeness and accuracy. However, it is critical for the HR Liaisons to conduct quality review checks as well to ensure adherence to established rules and regulations. **This item was completed and is closed.**

Audit Recommendation 15: HR should ensure Form I-9s are properly completed by reviewing every PDF file that is submitted.

HR Department Response 15: Agree. The Human Resources Department has established a new I-9 mailbox for the submission of I-9 forms by HR Liaisons to the Human Resources Department for review. I-9 forms will be stored centrally on the Human Resources SharePoint site. However, it is critical for the HR Liaisons to conduct quality review checks as well to ensure adherence to established rules and regulations. **This item was completed and is closed.**

Audit Recommendation 16: HR should ensure that all departments are using the correct I-9 Form in accordance with federal guidelines.

HR Department Response 16: Agree. The Human Resources Department will validate that the proper form is being utilized as I-9s are submitted to the department for review through the assigned email account. Information was also communicated to HR Liaisons regarding the importance of utilizing the proper forms. In addition, we have created a link on the "Forms" page with direct access to the federal government's form. **This item was completed and is closed.**

Audit Recommendation 17: HR should conduct training and reinforce the importance of following the HRPP on I-9 verification.

HR Department Response 17: Agree. The Human Resources Department completed training on this item. The Human Resources Department relies on HR Liaisons to conduct quality review checks to ensure adherence to established rules and regulations. **This item was completed and is closed.**

Audit Recommendation 18: Due to the decentralized model, HR should review the responsibilities assigned to the HR liaisons, as well as benchmark this organization structure. In addition, HR should work with the administration to possibly centralizing some roles of the HR liaison.

HR Department Response 18: Agree. The Human Resources Department agrees with this recommendation. Currently, the HR Liaisons are directly hired by and report under the direction of the department, and for some Liaisons, human resources serves as a secondary role. In addition, some liaisons come into the role with little to no HR experience, requiring an enhanced level of education and training in the subject matter area. Centralizing the function would allow for a more streamlined operation and flow of information. The Human Resources Department will seek further direction on this item. **This is an open item.**

Audit Recommendation 19: HR should implement their compliance reviews immediately. This will help identify, analyze, and respond to risks in the post-offer hiring process, allowing HR to make changes to the system, as needed. The process will provide an avenue for the HR liaisons to receive feedback on areas needing improvement, and assist in addressing workforce fiscal and legal implications.

HR Department Response 19: Agree. The Human Resources Department will begin quality control reviews in 2015 as outlined within the HR Strategic Plan. **This process will be implemented by November 30, 2015.**